

[METHOD FOR ASSESSING EQUITY ADEQUACY]

Abstract of Disclosure

Risk-based method for assessing an automotive finance company's equity adequacy wherein sources of creditor protection comprises equity, reserves, net deferred tax liability in the event of an overall loss, future tax liability and lifetime profits. Potential unexpected worst-case losses for each of a plurality of exposures is estimated with 99.9% confidence and compared with the company's creditor protection to demonstrate the company's equity adequacy.

Figures

Figure 1: A line graph showing the relationship between the number of hours spent studying and the score on a test. The x-axis represents the number of hours (0 to 10), and the y-axis represents the score (0 to 100). The data points are as follows:

Hours	Score
0	0
1	10
2	20
3	30
4	40
5	50
6	60
7	70
8	80
9	90
10	100